

**NESS COUNTY, KANSAS**  
Ness City, Kansas

Financial Statements with Independent Auditors' Report

For the Year Ended December 31, 2007

**NESS COUNTY, KANSAS**  
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For the Year Ended December 31, 2007

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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners  
**Ness County, Kansas**  
Ness City, KS 67560

We have audited the accompanying financial statements of **Ness County, Kansas**, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of **Ness County, Kansas**' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, **Ness County, Kansas** prepares its financial statements using accounting practices prescribed or permitted by the State of Kansas which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Ness County, Kansas**, as of December 31, 2007, or changes in financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Ness County, Kansas**, as of December 31, 2007, their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants

July 17, 2008

**NESS COUNTY, KANSAS**  
**Summary of Cash Receipts, Expenditures and Unencumbered Cash**  
For the Year Ended December 31, 2007

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds</b>							
General Fund	\$ 621,769	-	1,622,473	1,390,947	853,295	52,971	906,266
Special Revenue Funds							
Road and Bridge Fund	73,652	-	1,707,532	1,678,041	103,143	50,672	153,815
Special Highway Improvement Fund	7,789	-	-	378	7,421	-	7,421
Special Machinery Fund	547,971	-	190,000	307,196	430,775	-	430,775
Noxious Weed Fund	28,693	-	543,168	511,468	60,393	39,737	100,130
Noxious Weed Capital Outlay Fund	10,092	-	6,000	9,500	6,592	-	6,592
Health Fund	75,423	-	131,407	151,728	55,102	11,970	67,072
Pan Flu Fund	-	-	4,561	4,561	-	-	-
Appraiser's Cost Fund	12,453	-	108,696	91,647	29,502	1,383	30,885
Special Bridge Fund	47,000	-	-	-	47,000	-	47,000
Employee Benefit Fund	15,820	-	297,852	263,504	50,168	3,144	53,312
Ambulance Service Fund	13,582	-	91,905	50,121	55,366	9,968	65,334
Special Alcohol Fund	6,681	-	1,667	600	7,748	-	7,748
Bio-Terrorism Fund	284	-	12,817	13,101	-	-	-
911 Tax Fund	38,408	-	18,045	35,828	20,625	-	20,625
E-911 Tax Fund	16,820	-	150,612	191,913	(24,481)	48,396	23,915
Register of Deeds Technology Fund	20,762	-	11,820	15,183	17,399	-	17,399
Micro Loan Fund	3,654	-	47,722	45,229	6,147	-	6,147
<b>Proprietary Type Fund</b>							
Enterprise Funds							
Solid Waste Fund	9,801	-	228,184	176,186	61,799	1,230	63,029
Solid Waste - Post Closure Fund	49,470	-	-	-	49,470	-	49,470
<b>Fiduciary Type Fund</b>							
Private Purpose Trust Funds							
Prosecuting Attorney's Training Fund	2,011	-	433	90	2,354	-	2,354
Special Motor Vehicle Tax Fund	-	-	42,879	42,879	-	-	-
Law Enforcement Trust Fund	792	-	-	-	792	-	792
<b>Total - Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 1,602,937</b>	<b>-</b>	<b>5,217,773</b>	<b>4,980,100</b>	<b>1,840,610</b>	<b>219,471</b>	<b>2,060,081</b>
<b>Composition of Cash:</b>							
							\$
							1,900,000
							5,530,362
							103,762
							7,534,124
							(5,474,043)
							2,060,081

The notes to the financial statements are an integral part of this statement.

NESS COUNTY, KANSAS

Summary of Expenditures - Actual and Budget  
For the Year Ended December 31, 2007

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
<b>Governmental Type Funds</b>					
General Fund	\$ 1,599,807	-	1,599,807	1,390,947	208,860
Special Revenue Funds					
Road and Bridge Fund	1,708,279	-	1,708,279	1,678,041	30,238
Noxious Weed Fund	343,884	211,738	555,622	511,468	44,154
Noxious Weed Capital Outlay Fund	12,432	-	12,432	9,500	2,932
Health Fund	158,469	10,941	169,410	151,728	17,682
Appraiser's Cost Fund	111,671	-	111,671	91,647	20,024
Employee Benefit Fund	304,500	-	304,500	263,504	40,996
Ambulance Service Fund	97,500	-	97,500	50,121	47,379
Special Alcohol Fund	8,429	-	8,429	600	7,829
<b>Proprietary Type Fund</b>					
<b>Enterprise Funds</b>					
Solid Waste Fund	261,383	-	261,383	176,186	85,197

## NESS COUNTY, KANSAS

## General Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 1,168,888	1,345,293	1,293,861	51,432
Intergovernmental	572	-	-	-
Federal Aid	58,507	16,714	-	16,714
Licenses and Fees	70,333	71,760	20,000	51,760
Use of Money & Property	117,465	154,685	27,100	127,585
Miscellaneous	28,716	34,021	5,000	29,021
<b>Total Cash Receipts</b>	<u>1,444,481</u>	<u>1,622,473</u>	<u>1,345,961</u>	<u>276,512</u>
<b>Expenditures</b>				
County Commissioners	80,915	89,361	100,109	10,748
County Clerk	95,640	94,260	111,439	17,179
County Treasurer	96,503	106,879	101,018	(5,861)
County Attorney	55,684	57,648	64,130	6,482
Register of Deeds	47,316	49,541	59,099	9,558
Sheriff	518,454	538,310	423,362	(114,948)
Less Reimbursed Expenses	(125,000)	(125,000)	-	125,000
Courthouse General	215,148	258,055	320,210	62,155
Unified Courts	51,461	44,558	49,734	5,176
Maintenance Engineer	32,599	30,088	42,876	12,788
Economic Development	42,950	55,367	63,891	8,524
Emergency Preparedness	64,479	23,722	8,400	(15,322)
Election	29,098	15,124	33,510	18,386
Soil Conservation	18,000	18,000	18,000	-
Mental Health	18,000	18,000	18,000	-
Mental Retardation	16,500	16,500	16,500	-
Senior Citizens	43,801	44,706	44,706	-
Parks & Recreation	1,000	1,000	-	(1,000)
County Fair	9,000	9,000	9,000	-
Historical Society	4,000	4,000	4,000	-
Airport	35,200	40,323	40,323	-
Ness County Law Library	1,015	1,505	-	(1,505)
<b>Total Expenditures Carried Forward</b>	<u>\$ 1,351,763</u>	<u>1,390,947</u>	<u>1,528,307</u>	<u>137,360</u>

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## General Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

		Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
			Actual	Budget	
<b>Total Expenditures Brought Forward</b>	\$	1,351,763	1,390,947	1,528,307	137,360
Courthouse Improvements		-	-	70,500	70,500
Community College		3,696	-	-	-
Juvenile Detention		438	-	1,000	1,000
<b>Total Expenditures</b>		1,355,897	1,390,947	1,599,807	208,860
<b>Receipts Over (Under) Expenditures</b>		88,584	231,526		
<b>Unencumbered Cash, January 1</b>		533,185	621,769		
<b>Unencumbered Cash, December 31</b>	\$	621,769	853,295		

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Road and Bridge Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 1,192,432	1,342,463	1,341,072	1,391
Intergovernmental	317,367	340,312	332,321	7,991
Miscellaneous	35,568	24,757	5,000	19,757
<b>Total Cash Receipts</b>	<u>1,545,367</u>	<u>1,707,532</u>	<u>1,678,393</u>	<u>29,139</u>
<b>Expenditures</b>				
Personal Services	747,364	835,702	881,079	45,377
Contractual Services	54,974	43,513	54,150	10,637
Commodities	464,181	558,195	500,050	(58,145)
Capital Outlay	77,357	50,631	83,000	32,369
Transfers Out	237,000	190,000	190,000	-
<b>Total Expenditures</b>	<u>1,580,876</u>	<u>1,678,041</u>	<u>1,708,279</u>	<u>30,238</u>
<b>Receipts Over (Under) Expenditures</b>	(35,509)	29,491		
<b>Unencumbered Cash, January 1</b>	<u>109,161</u>	<u>73,652</u>		
<b>Unencumbered Cash, December 31</b>	\$ <u>73,652</u>	<u>103,143</u>		

The notes to the financial statements are an integral part of this statement.



**NESS COUNTY, KANSAS**  
**Special Highway Improvement Fund**  
**Statement of Cash Receipts and Expenditures - Actual**  
**For the Year Ended December 31, 2007**  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
Expenditures		
Contractual	\$ 19,550	378
Receipts Over (Under) Expenditures	(19,550)	(378)
Unencumbered Cash, January 1	27,349	7,799
Unencumbered Cash, December 31	\$ 7,799	7,421

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Special Machinery Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2007  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
<b>Cash Receipts</b>		
Transfers In	\$ 190,000	190,000
<b>Expenditures</b>		
Capital Outlay	155,642	307,196
<b>Receipts Over (Under) Expenditures</b>	34,358	(117,196)
<b>Unencumbered Cash, January 1</b>	513,613	547,971
<b>Unencumbered Cash, December 31</b>	\$ 547,971	430,775

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Noxious Weed Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 158,430	166,841	166,139	702
Chemical Sales and Treatment	346,282	365,249	164,500	200,749
State Aid	10,691	10,989	-	10,989
Miscellaneous	444	89	-	89
<b>Total Cash Receipts</b>	<u>515,847</u>	<u>543,168</u>	<u>330,639</u>	<u>212,529</u>
<b>Expenditures</b>				
Personal Services	57,163	49,840	64,454	14,614
Contractual Services	8,643	12,047	10,060	(1,987)
Commodities	453,413	443,581	266,370	(177,211)
Capital Outlay	-	-	3,000	3,000
Transfers Out	-	6,000	-	(6,000)
(a) Budget Credit	-	-	211,738	211,738
<b>Total Expenditures</b>	<u>519,219</u>	<u>511,468</u>	<u>555,622</u>	<u>44,154</u>
<b>Receipts Over (Under) Expenditures</b>	(3,372)	31,700		
<b>Unencumbered Cash, January 1</b>	<u>32,065</u>	<u>28,693</u>		
<b>Unencumbered Cash, December 31</b>	\$ <u>28,693</u>	<u>60,393</u>		
<b>(a) Budget Credit</b>				
Excess Collections Over Amount Budgeted		\$ 200,749		
Excess State Aid Over Amount Budgeted		<u>10,989</u>		
<b>Total Budget Credit</b>		<u>\$ 211,738</u>		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Noxious Weed Capital Outlay Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2007  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ -	6,000	-	6,000
<b>Expenditures</b>				
Capital Outlay	730	9,500	12,432	2,932
<b>Receipts Over (Under) Expenditures</b>	(730)	(3,500)		
<b>Unencumbered Cash, January 1</b>	10,822	10,092		
<b>Unencumbered Cash, December 31</b>	\$ 10,092	6,592		

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Health Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 108,830	110,619	110,126	493
Intergovernmental	7,533	9,663	-	9,663
Collections	5,352	10,941	-	10,941
Transfers In	-	184	-	184
<b>Total Cash Receipts</b>	<u>121,715</u>	<u>131,407</u>	<u>110,126</u>	<u>21,097</u>
<b>Expenditures</b>				
Personal Services	97,271	116,096	123,278	7,182
Contractual Services	9,145	11,734	18,100	6,366
Commodities	5,211	11,132	4,800	(6,332)
Capital Outlay	15	10,084	1,350	(8,734)
Transfers Out	-	2,682	-	(2,682)
(a) Budget Credit	-	-	10,941	10,941
<b>Total Expenditures</b>	<u>111,642</u>	<u>151,728</u>	<u>158,469</u>	<u>6,741</u>
<b>Receipts Over (Under) Expenditures</b>	10,073	(20,321)		
<b>Unencumbered Cash, January 1</b>	<u>65,350</u>	<u>75,423</u>		
<b>Unencumbered Cash, December 31</b>	<u>\$ 75,423</u>	<u>55,102</u>		
<b>(a) Budget Credit</b>				
Excess Collections Over Amount Budgeted		\$ <u>10,941</u>		

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Pan Flu Fund

## Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
<b>Cash Receipts</b>		
Pan Flu Grant	\$ -	4,561
<b>Expenditures</b>		
Personal Services	-	2,963
Commodities	-	188
Capital Outlay	-	1,226
Transfers Out	-	184
<b>Total Expenditures</b>	-	4,561
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash, January 1</b>	-	-
<b>Unencumbered Cash, December 31</b>	\$ -	-

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Appraiser's Cost Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 83,599	106,447	106,199	248
Miscellaneous	2,337	2,249	-	2,249
<b>Total Cash Receipts</b>	85,936	108,696	106,199	2,497
<b>Expenditures</b>				
Personal Services	77,135	65,500	88,041	22,541
Contractual Services	4,666	23,533	5,680	(17,853)
Commodities	2,695	2,614	2,950	336
Capital Outlay	370	-	15,000	15,000
<b>Total Expenditures</b>	84,866	91,647	111,671	20,024
<b>Receipts Over (Under) Expenditures</b>	1,070	17,049		
<b>Unencumbered Cash, January 1</b>	11,383	12,453		
<b>Unencumbered Cash, December 31</b>	\$ 12,453	29,502		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Special Bridge Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2007  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
Cash Receipts	\$ 47,000	-
Transfers In		
	-	47,000
Unencumbered Cash, January 1		
	\$ 47,000	47,000
Unencumbered Cash, December 31		

The notes to the financial statements are an integral part of this statement.



**NESS COUNTY, KANSAS**  
**Employee Benefit Fund**

Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 216,818	295,707	294,918	789
Refunds	16,960	2,145	-	2,145
<b>Total Cash Receipts</b>	<u>233,778</u>	<u>297,852</u>	<u>294,918</u>	<u>2,934</u>
<b>Expenditures</b>				
Social Security	94,668	105,541	109,500	3,959
Employee Retirement	77,267	88,992	90,000	1,008
Workmen's Compensation Insurance	74,736	62,825	95,000	32,175
Unemployment Insurance	3,048	6,146	10,000	3,854
<b>Total Expenditures</b>	<u>249,719</u>	<u>263,504</u>	<u>304,500</u>	<u>40,996</u>
<b>Receipts Over (Under) Expenditures</b>	(15,941)	34,348		
<b>Unencumbered Cash, January 1</b>	<u>31,761</u>	<u>15,820</u>		
<b>Unencumbered Cash, December 31</b>	\$ <u>15,820</u>	<u>50,168</u>		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Ambulance Service Fund**

Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes	\$ 67,438	91,905	91,672	233
<b>Expenditures</b>				
Contractual Services	37,877	38,669	54,000	15,331
Commodities	-	1,327	3,500	2,173
Capital Outlay	90,000	10,125	40,000	29,875
<b>Total Expenditures</b>	127,877	50,121	97,500	47,379
<b>Receipts Over (Under) Expenditures</b>	(60,439)	41,784		
<b>Unencumbered Cash, January 1</b>	74,021	13,582		
<b>Unencumbered Cash, December 31</b>	\$ 13,582	55,366		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Special Alcohol Fund**

Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2007  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental	\$ 1,473	1,667	1,086	581
<b>Expenditures</b>				
Contractual Services	950	600	8,429	7,829
<b>Receipts Over (Under) Expenditures</b>	523	1,067		
<b>Unencumbered Cash, January 1</b>	6,158	6,681		
<b>Unencumbered Cash, December 31</b>	\$ 6,681	7,748		

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Bio-Terrorism Fund

## Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
<b>Receipts</b>		
Federal Grant	\$ 11,933	10,135
Transfers In	-	2,682
<b>Total Receipts</b>	<u>11,933</u>	<u>12,817</u>
<b>Expenditures</b>		
Personal Services	10,922	6,071
Contractual Services	1,637	4,298
Commodities	1,898	1,426
Capital Outlay	<u>3,754</u>	<u>1,306</u>
<b>Total Expenditures</b>	<u>18,211</u>	<u>13,101</u>
<b>Receipts Over (Under) Expenditures</b>	(6,278)	(284)
<b>Unencumbered Cash, January 1</b>	<u>6,562</u>	<u>284</u>
<b>Unencumbered Cash, December 31</b>	<u>\$ 284</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## 911 Tax Fund

## Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
Cash Receipts		
Collections	\$ 16,976	18,045
Expenditures		
Contractual Services	21,562	13,178
Capital Outlay	4,467	22,650
Total Expenditures	26,029	35,828
Receipts Over (Under) Expenditures	(9,053)	(17,783)
Unencumbered Cash, January 1	47,461	38,408
Unencumbered Cash, December 31	\$ 38,408	20,625

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## E-911 Tax Fund

## Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
<b>Cash Receipts</b>		
Grants	\$ -	143,517
Collections	8,310	7,095
	8,310	150,612
<b>Total Cash Receipts</b>		
<b>Expenditures</b>		
Local E-911	-	191,913
	8,310	(41,301)
<b>Receipts Over (Under) Expenditures</b>		
	8,510	16,820
<b>Unencumbered Cash, January 1</b>		
	\$ 16,820	(24,481)
<b>Unencumbered Cash, December 31</b>		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Register of Deeds Technology Fund**  
**Statement of Cash Receipts and Expenditures - Actual**  
**For the Year Ended December 31, 2007**  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
<b>Cash Receipts</b>		
Collections	\$ 12,604	11,820
<b>Expenditures</b>		
Capital Outlay	699	15,183
<b>Receipts Over (Under) Expenditures</b>	11,905	(3,363)
<b>Unencumbered Cash, January 1</b>	8,857	20,762
<b>Unencumbered Cash, December 31</b>	\$ 20,762	17,399

The notes to the financial statements are an integral part of this statement.

## NESS COUNTY, KANSAS

## Micro Loan Fund

## Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
<b>Cash Receipts</b>		
State Grants	\$ 3,000	41,200
Micro Loan Repayments	-	4,522
Matching Funds	-	2,000
<b>Total Cash Receipts</b>	<u>3,000</u>	<u>47,722</u>
<b>Expenditures</b>		
Contractual Services	-	2,009
Loans Granted	-	43,220
<b>Total Expenditures</b>	<u>-</u>	<u>45,229</u>
<b>Receipts Over (Under) Expenditures</b>	3,000	2,493
<b>Unencumbered Cash, January 1</b>	<u>654</u>	<u>3,654</u>
<b>Unencumbered Cash, December 31</b>	<u>\$ 3,654</u>	<u>6,147</u>

The notes to the financial statements are an integral part of this statement.



## NESS COUNTY, KANSAS

## Solid Waste Fund

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Disposal Fees	\$ 195,565	210,647	230,000	(19,353)
Intergovernmental	35	17,537	-	17,537
<b>Total Cash Receipts</b>	195,600	228,184	230,000	(1,816)
<b>Expenditures</b>				
Personal Services	34,081	35,178	37,500	2,322
Contractual Services	126,454	116,879	160,000	43,121
Commodities	12,863	10,384	35,000	24,616
Capital Outlay	53,616	13,745	18,883	5,138
Transfers Out	10,000	-	10,000	10,000
<b>Total Expenditures</b>	237,014	176,186	261,383	85,197
<b>Receipts Over (Under) Expenditures</b>	(41,414)	51,998		
<b>Unencumbered Cash, January 1</b>	51,215	9,801		
<b>Unencumbered Cash, December 31</b>	\$ 9,801	61,799		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Solid Waste - Post Closure Fund**

Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2007  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 10,000	-	10,000	(10,000)
Receipts Over (Under) Expenditures	10,000	-		
Unencumbered Cash, January 1	39,470	49,470		
Unencumbered Cash, December 31	\$ 49,470	49,470		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Prosecuting Attorney's Training Fund**  
**Statement of Cash Receipts and Expenditures - Actual**  
**For the Year Ended December 31, 2007**  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
<b>Cash Receipts</b>		
Collections	\$ 226	433
<b>Expenditures</b>		
Commodities	-	90
<b>Receipts Over (Under) Expenditures</b>	226	343
<b>Unencumbered Cash, January 1</b>	1,785	2,011
<b>Unencumbered Cash, December 31</b>	\$ 2,011	2,354

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Special Motor Vehicle Tax Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2007  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
<b>Cash Receipts</b>		
Collections	\$ 28,407	42,879
<b>Expenditures</b>		
Commodities	28,407	42,879
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash, January 1</b>	-	-
<b>Unencumbered Cash, December 31</b>	\$ -	-

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Law Enforcement Trust Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2007  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Actual
<b>Cash Receipts</b>		
Collections	\$ -	-
	-	-
<b>Receipts Over (Under) Expenditures</b>		
	792	792
<b>Unencumbered Cash, January 1</b>		
	\$ 792	792
<b>Unencumbered Cash, December 31</b>		

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Distributable Funds, State Funds, and Subdivision Funds**  
**Statement of Cash Receipts and Cash Disbursements**  
**For the Year Ended December 31, 2007**

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
<b>Distributable Funds -</b>				
Severance Tax	\$ -	101,180	101,180	-
Advance Tax	1,019	867	1,886	-
Current Tax	5,284,782	8,260,150	8,178,092	5,366,840
Delinquent Property Taxes	16,958	100,768	94,707	23,019
Motor Vehicle Tax	49,591	558,471	550,919	57,143
<b>Total Distributable Funds</b>	<b>\$ 5,352,350</b>	<b>9,021,436</b>	<b>8,926,784</b>	<b>5,447,002</b>
<b>State Funds -</b>				
State General	\$ -	59	59	-
State Institutional Building	482	36,355	36,837	-
State Educational Building	965	72,710	73,675	-
<b>Total State Funds</b>	<b>\$ 1,447</b>	<b>109,124</b>	<b>110,571</b>	<b>-</b>
<b>Subdivision Funds -</b>				
Cities	\$ -	500,611	500,611	-
Townships	-	158,187	158,187	-
School Districts	-	2,572,264	2,572,264	-
Hospitals	-	1,558,914	1,558,914	-
Other Special Districts	-	376,414	376,414	-
<b>Total Subdivision Funds</b>	<b>\$ -</b>	<b>5,166,390</b>	<b>5,166,390</b>	<b>-</b>

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
**Agency Funds**  
Statement of Cash Receipts and Cash Disbursements  
For the Year Ended December 31, 2007

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Sales Tax	\$ 6,335	468,174	468,981	5,528
Drivers License	173	7,853	8,026	-
Worthless Check	228	778	896	110
Fish and Game Licenses	-	11,923	11,923	-
Heritage Trust	633	1,307	1,866	74
Unclaimed Money	13,192	-	-	13,192
Concealed Carry Fund	200	400	-	600
Sex Offender Registry Fund	20	140	-	160
Stray Livestock Fund	454	626	-	1,080
Sheriff	490	29,404	29,599	295
Register of Deeds	-	64,318	64,318	-
County Clerk	-	12,299	12,299	-
Clerk of District Court	2,536	396,943	393,477	6,002
	<u>\$ 24,261</u>	<u>994,165</u>	<u>991,385</u>	<u>27,041</u>

The notes to the financial statements are an integral part of this statement.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2007

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**1. Summary of Significant Accounting Policies**

The County has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

**A. Financial Reporting Entity**

**Ness County, Kansas**, is a municipal corporation governed by an elected three-member commission. The County receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources. These financial statements present the financial position of **Ness County, Kansas**. The financial statements of the County consist of all funds of the County and governmental entities that are considered to be controlled by or dependent on the County. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The County has no entities that are controlled or dependent on the County.

**B. Basis of Presentation - Fund Accounting**

The accounts of the government are organized and operated on the basis of funds. In governmental accounting, a fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of **Ness County, Kansas** for the year of 2007.

**Governmental Funds**

**General Fund** -- reports as the primary fund of the County. This fund is used to account for all financial resources not reported in other funds.

**Special Revenue Funds** - to account for the proceeds of specific revenue sources (other than special assessments to major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

**Proprietary Fund**

**Enterprise Funds** -- to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Funds**

**Agency Funds** - to account for fiduciary assets held by the County in a custodial capacity as an agent on behalf of others.



NESS COUNTY, KANSAS  
Notes to Financial Statements  
December 31, 2007

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**B. Basis of Presentation - Fund Accounting (cont.)**

**Private Purpose Trust Funds** - to account for assets held by governmental unit as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

**C. Statutory Basis Of Accounting**

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the statutory basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction a cash receipt is recorded in the fund receiving cash from another fund and an expenditure would be charged in the fund from which the transfer is made.

The County has approved a resolution that is in compliance with K.S.A. 75-1120 a(c), waiving the requirement for application of generally accepted accounting principles and allowing the County to use the statutory basis of accounting.

**D. Departure from Generally Accepted Accounting Principles in the United States of America**

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the County are not presented in the financial statements. Also, long-term debt such as general obligation bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

**E. Accounting for Capital Assets and Depreciation**

The County does not maintain a record of capital assets used in performance of general government operations and the proprietary funds as required by generally accepted accounting principles.

**F. Accounting for Long-Term Liabilities**

The accounting and reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and fiduciary funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term liabilities expected to be financed from governmental funds are not accounted for in the governmental funds.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2007

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**F. Accounting for Long-Term Liabilities (cont.)**

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

**G. Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, and the following special revenue funds:

Special Highway Improvement Fund, Special Machinery Fund, Pan Flu Fund, Special Bridge Fund, Bioterrorism Fund, 911 Tax Fund, E-911 Tax Fund, Register of Deeds Technology Fund, and Micro Loan Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2007

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**H. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds.

**I. Deposits and Investments**

The County follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the summary of cash receipts, cash disbursements and unencumbered cash.

As of December 31, 2007, the County had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county in which the County is located or in the adjoining county if such institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The County has no investments

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The County did not use "peak periods" during 2007. All deposits were legally secured at December 31, 2007.

At December 31, 2007, the County's carrying amount of deposits was \$7,534,124 and the bank balance was \$7,639,314. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$400,000 was covered by federal depository insurance; \$7,239,314 was collateralized with securities held by the pledging financial institutions' agents in the County's name.

**J. Property Tax Calendar**

Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1<sup>st</sup> are due one-half by December 20<sup>th</sup> and one-half by May 10<sup>th</sup>. Major property tax payments are received January through July and are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2007

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**K. Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods, are recorded as expenditures during the year of purchase as required by state statutes.

**L. Compensated Absences**

The County's policy regarding vacation is that an employee shall be eligible for vacation upon the completion of six months employment. The number of days of vacation earned is based upon the length of service with the County, using the tables and schedules in the personnel manual. Unused vacation will be forfeited as of December 31 except in extraordinary circumstances approved by the department head. Employees entitled to more than 11 days of vacation time per year are not required to take the additional time prior to December 31. If not taken, the employee is to be paid on the final payroll of the year at a rate equivalent to the daily rate of pay for the vacation days not used. Employees of **Ness County, Kansas** earn one day of sick leave per month of employment. An employee may use two days of sick leave each year as personal leave days. If these days are not used they will continue to be included in the accumulating sick leave up to the 60 day maximum. An employee can accumulate 60 days of sick leave which is paid upon normal retirement or permanent disability at the regular rate of pay. The accrued potential sick leave at December 31, 2007 was \$129,806.

**M. Restricted Assets**

These assets consist of cash and short-term investments restricted for Agency Funds.

**N. Defined Benefit Pension Plan**

**Plan Description** – The County contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2007 is 5.31%. The employer contributions to KPERS for the years ending December 31, 2007, 2006, and 2005 were \$88,992, \$77,265, and \$65,133, respectively, equal to the statutory required contributions for each year.

**O. Reimbursements**

The County records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursement as revenue to the fund.

**P. Deferred Compensation Plan**

The County sponsors a deferred compensation under the Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employer is responsible for the amount of deferred compensation to be contributed. The County is not responsible to make any contributions.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2007

**Q. Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the County is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the County for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program

**2. Landfill Closure & Postclosure Costs**

State and federal laws and regulations require that **Ness County, Kansas** place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty (30) years after closure. The current year expenditures relating to the operation of the landfill are provided in the Solid Waste Fund in the financial statements. The County is not incurring a liability based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste.

The estimate of closure and postclosure care liability at year end would be \$1,037,851. This liability is based on the use of 71.50% of the estimated cost of closure and postclosure care of \$1,451,540 as the remaining estimated capacity of the landfill is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. The County expects the landfill to continue to operate indefinitely. Actual costs may be higher due to inflation, changes in technology or in regulations. The County has restricted assets for payment of closure and postclosure care cost.

The County is meeting the financial assurance requirements through the Local Government Financial Test. This test involves four components: financial, public notice, recordkeeping and reporting, and calculation of costs to be assured. The County has satisfied all four requirements.

**3. Transfers and Payments**

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects, and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas Statutes. The County's operating transfers and statutory authority for December 31, 2007 were as follows:

From	To	K.S.A. Authorization	2007 Amount
Road & Bridge	Special Machinery	68-141g	\$ 190,000
Special Motor Vehicle	General	8-145	31,163
Noxious Weed	Noxious Weed Capital Outlay	KSA 2-1318q	6,000
Health	Bio-terrorism	Close Fund	2,682
Pan-Flu	Health	Close Fund	184
Total			\$ <u>230,029</u>

**4. Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the statutory basis and budget of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2007

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**5. Risk Management Claims & Judgments**

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has been able to obtain errors and omissions insurance at a cost it considered to be economically justifiable.

The County carries commercial insurance for other risk of loss, including property, general liability, inland marine, automobile, workmen's compensation, linebacker coverage, boiler, employee dishonesty, and theft. The County also carries additional commercial insurance for ambulance, EMT, and professional nurses' liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The County carries comprehensive collision insurance on selective items. The County has elected not to provide a reserve for this risk on those items that do not have comprehensive collision insurance.

**6. Litigation**

The County is party to various legal proceedings, such as foreclosure actions and tax appeals, which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the funds of the County.

**7. Comparative Data**

Comparative total data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the County's cash and unencumbered cash balances. However, complete comparative data (i.e., presentation of prior year totals in Statement 1) has not been presented since their inclusion would make certain statements unduly complex and difficult to read.

**8. Grants and Shared Revenues**

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the County, any liability for reimbursement, which may arise as the result of the audits, is not believed to be material.

**9. Compliance with Kansas Statutes**

Expenditures exceeded available monies in the following funds which is in violation of K.S.A. 10-1113.

E-911 Tax Fund	\$ (24,481)
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The City has checks outstanding for more than two years which is in violation of K.S.A. 10-816.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2007

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**10. Micro Loan Fund**

The County was awarded a CDBG Micro Loan grant in the amount of \$100,000. As of December 31, 2007, the County has loaned out \$40,000. Repayment of the loans are structured to be paid back as follows:

<u>Loan Number</u>	<u>Loan Amount</u>	<u>Issue Date</u>	<u>Monthly Payment</u>	<u>Interest Rate</u>	<u>Maturity</u>
501	\$ 25,000	03-29-07	\$ 376	6.00%	08-01-14
502	\$ 15,000	03-29-07	\$ 400	6.00%	06-01-12

**11. Long-Term Debt**

The County has the following type of Long Term Debt:

**Lease Obligations**

The County has entered into lease agreements with an option to purchase at the expiration of the lease terms. The leases contain a fiscal funding clause.

Changes in long-term liabilities for the County at December 31, 2007 and current maturities of long-term debt and interest for the next five years and in five year increments through maturity are included on the next two pages.

# NESS COUNTY, KANSAS

Schedule of Changes in Long Term Debt  
For the Year Ended December 31, 2007

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>Amount to be Provided for Compensated Absences</b>	N/A	N/A	\$ N/A	N/A	114,726	-	-	15,080	129,806	-
<b>Capital Leases</b>										
(5) Motor Graders	4.49%	04/18/05	545,953	04/18/09	417,378	-	(133,406)	(133,406)	283,972	18,736
Air Conditioning and Heating Sys	5.19%	08/21/06	251,382	08/21/10	251,382	-	(58,624)	(58,624)	192,758	12,582
Sheriff's Vehicle	4.84%	04/02/07	22,917	04/02/09	-	22,917	-	22,917	22,917	-
Landfill Compactor	5.25%	08/27/07	100,033	08/27/09	-	100,033	-	100,033	100,033	-
<b>Total Capital Leases</b>			920,285		668,760	122,950	(192,030)	(69,080)	599,680	31,318
<b>Total Long Term Debt</b>			\$ 920,285		783,486	122,950	(192,030)	(54,000)	729,486	31,318



**NESS COUNTY, KANSAS**  
Schedule of Maturity of Long Term Debt  
For the Year Ended December 31, 2007

	2008	2009	2010	Total
<b>Principal</b>				
Capital Leases				
(5) Motor Graders	139,394	144,578	-	283,972
Air Conditioning and Heating Sys	61,178	64,353	67,227	192,758
Sheriff's Vehicle	11,204	11,713	-	22,917
Landfill Compactor	48,730	51,303	-	100,033
<b>Total Principal</b>	<b>260,506</b>	<b>271,947</b>	<b>67,227</b>	<b>599,680</b>
<b>Interest</b>				
Capital Leases				
(5) Motor Graders	12,748	7,564	-	20,312
Air Conditioning and Heating Sys	10,028	6,853	3,513	20,394
Sheriff's Vehicle	1,112	567	-	1,679
Landfill Compactor	5,266	2,693	-	7,959
<b>Total Interest</b>	<b>29,154</b>	<b>17,677</b>	<b>3,513</b>	<b>50,344</b>
<b>Total Principal and Interest</b>	<b>\$ 289,660</b>	<b>289,624</b>	<b>70,740</b>	<b>650,024</b>